



# memorandum

DATE: August 11, 2005

Audit Report Number: OAS-L-05-11

REPLY TO

ATTN OF: IG-32 (A05AL005)

SUBJECT: Audit Report on "Management of the Off-site Sealed Sources Recovery Project"

TO: Deputy Administrator for Defense Programs (NA-10)  
Deputy Administrator for Defense Nuclear Nonproliferation (NA-20)

## INTRODUCTION AND OBJECTIVE

The mission of the National Nuclear Security Administration's (NNSA) Off-site Recovery Project (OSRP) is to recover unwanted radioactive sealed sources held in the public sector, thereby reducing the threat of such sources being used in radiological dispersal devices or a "dirty bomb." This recovery mission is part of NNSA's Office of Global Radiological Threat Reduction, which is consolidated under the Office of Defense Nuclear Nonproliferation. The total number of sealed sources needing recovery in the future will be difficult to forecast since OSRP cannot determine when licensees will declare the sources as excess and no longer be needed to meet their needs. The objective of this audit was to determine whether the OSRP would meet its goal to recover 14,320 sources before the scheduled project close out in Fiscal Year (FY) 2010.

## CONCLUSIONS AND OBSERVATIONS

The OSRP was on track to recover 14,320 sealed sources by the year 2010. As of January 2005, the OSRP had recovered 10,040 sealed sources exceeding its cumulative FY 2004 performance measure for recovering 8,500 sources. Although it appears that the OSRP will meet its goal, we observed an issue regarding the timeliness of recovering Plutonium-239 (Pu-239) sealed sources.

We found that the OSRP could not immediately recover Pu-239 sources when they became excess and unwanted because of a lack of secure interim storage. In 2002, OSRP reached the maximum storage capacity at Los Alamos National Laboratory's (Los Alamos) Chemistry and Metallurgy Research building. This delayed Pu-239 recoveries for 17 months until Los Alamos and the Nevada Test Site (Nevada) provided additional

storage areas. This additional storage allowed the OSRP to resume Pu-239 recoveries for nine months. However, OSRP halted recoveries in July 2004 after the additional storage space had been filled. As a result of these delays, the OSRP has not made any Pu-239 recoveries since July 2004.

Los Alamos and Nevada have since developed plans to provide additional storage for 4,000 grams of Pu-239, but have not completed them. As a result of our audit, Los Alamos planned to keep existing Pu-239 at its current location until it can be shipped directly to the Waste Isolation Pilot Plant (WIPP) and establish a suitable storage container at another secured site to accommodate 2,000 grams of additional recoveries. Since Los Alamos is the only site approved to ship Pu-239 sealed sources to WIPP, this additional storage is necessary to move sources from Nevada to final disposal at WIPP. In March 2005, NNSA directed the Nevada Site Office to make available 2,000 grams of back-up storage. Nevada plans to make storage available by moving a portion of their existing inventory to the Device Assembly Facility. Both Los Alamos and Nevada estimated storage to be available in June 2005; however, as of August 1, 2005, neither site was able to receive additional Pu-239 sources.

Members of Congress and others have stressed the importance to national security of recovering and securing unwanted radioactive sources such as Pu-239.

#### SUGGESTED ACTIONS TO MANAGEMENT

We suggest that the Deputy Administrator for Defense Programs and the Deputy Administrator for Defense Nuclear Nonproliferation work together to:

- Ensure that Los Alamos and Nevada execute plans to provide additional storage for Pu-239 to allow OSRP to resume Pu-239 recoveries; and,
- Establish a process to identify interim storage for all known excess Pu-239 sources in the OSRP database on a regular basis.

#### SCOPE AND METHODOLOGY

The audit was performed from January 2005 to June 2005, at NNSA Headquarters; Sandia National Laboratories; Los Alamos National Laboratory; the Nevada Site Office; and the Nevada Test Site.

To accomplish the audit objective, we:

- Examined OSRP project and strategic plans;
- Analyzed OSRP budget data;
- Reviewed Department memorandums regarding OSRP;
- Reviewed Congressional testimonies and Congressional inquiries;

- Analyzed OSRP actual sealed source recoveries by year;
- Reviewed prior Office of Inspector General and General Accountability Office audit reports regarding sealed sources; and,
- Interviewed NNSA and contractor officials at NNSA Headquarters, Los Alamos and Nevada.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We relied on information processed on automated data processing equipment to accomplish our audit objective, and therefore we verified the validity of the automated data processing systems. Finally, we reviewed the implementation of the Government Performance Results Act of 1993, as it related to the Off-site Recovery Project.

Since no recommendations are being made in this Letter Report, a formal response is not required. We appreciate the cooperation of your staff during the audit.

  
George W. Collard  
Assistant Inspector General  
for Performance Audits  
Office of the Inspector General

cc: Director, Policy and Internal Controls Management, NA-66  
Team Leader, Audit Liaison Team, ME-100

# memorandum

DATE: August 11, 2005

REPLY TO  
ATTN OF: IG-32 (A05AL005)

SUBJECT: Final Report Package for "Management of the Off-site Sealed Sources Recovery Project "

TO: Assistant Inspector General for Audit Planning and Administration

Attached is the required final report package on the subject audit. The pertinent details are:

1. Actual staff days: 201

Actual elapsed days: 192

2. Names of OIG audit staff:

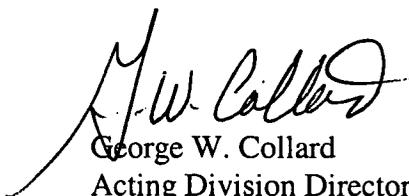
Assistant Division Director: David Sedillo

Team Leader: Aldric Hill

Auditor-in-Charge: Judy Jew

Audit Staff: Joseph Nieto

3. Coordination with Investigations and Inspections: The audit was discussed with Adrian Gallegos on 01/06/05 and with Fatima Pashaei, Inspections on 01/06/05.



George W. Collard  
Acting Division Director  
National Nuclear Security Administration  
Audits Division  
Office of Inspector General

Attachments:

1. Monetary Impact Report
2. Audit Project Summary Report
3. Audit Database Information Sheet



Office of the Inspector General (OIG)  
 Audit Project Office Summary (APS)

Report run on: August 4, 2005 9:47 AM

Audit#: A05AL005 Ofc: ALA Title: MANAGEMENT OF THE SEALED SOURCES PROGRAM

\*\*\*\* Milestones \*\*\*\*

	Planned	End of Survey	Revised	Actual
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Entrance Conference:.....	01-OCT-04		13-JAN-05	13-JAN-05
Survey:.....			30-JUN-05	
Draft Report:.....			01-SEP-05	
Completed (With Report):..	30-SEP-05			( )
-----Elapsed Days:	364			203

Elap. Less Susp:	190
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Date Suspended: 16-MAR-05 Date Terminated:  
 Date Reactivated: 29-MAR-05 Date Cancelled:  
 DaysSuspended(Cur/Tot): 0 ( 13 ) Report Number:  
 Rpt Title: Report Type: Not Found

\*\*\*\* Audit Codes and Personnel \*\*\*\*

Class: PER PERFORMANCE  
 Function: 005 SAFEGUARDS AND SECURITY  
 MgtChall: 030 NNSA  
 Site: MSA MULTI-SITE AUDIT  
 SecMiss: HLD HOMELAND DEFENSE (PE)  
 PresInit: BPI BUDGET AND PERFORMAN

AD: 152 SEDILLO  
 AIC: 851 JEW  
 Team Ldr: 420 HILL  
 Tech Adv: 84 CROWDER

\*\*\*\* Task Information \*\*\*\*

Task No:  
 Task Order Dt: CO Tech. Rep:  
 Orig Auth Hrs: Orig Auth Costs:  
 Current Auth: Current Auth Cost:  
 Tot Actl IPR Hr: Tot Actl Cost:

\*\*\*\* Time Charges \*\*\*\*

Emp/Cont Name	Numdays	Last Date
MAXEY, H	1.9	09-JUL-05
HILL, A	2.0	28-MAY-05
YOUNG, D	13.7	25-JUN-05
NIETO, J	62.0	23-JUL-05
JEW, J	118.9	09-JUL-05
Total:	198.5	

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\*\*\*\* Keywords \*\*\*\*

NONPROLIFERATION  
NUCLEAR NONPROLIFERATION  
NUCLEAR SOURCE RECOVERY  
OFF-SITE RECOVERY  
OSR  
OSRP  
SEALED SOURCES

\*\*\*\* Location Information \*\*\*\*

<u>Loc Code</u>	<u>Description</u>
ALO	NNSA SERVICE CENTER (OLD:
LAN	LOS ALAMOS NATIONAL LABOR
SNL	SANDIA NATIONAL LABORATOR

\*\*\*\* Finding Information \*\*\*\*

<u>Find#</u>	<u>Title</u>	<u>Type</u>	<u>Amount</u>	<u>Yrs</u>	<u>Bud Imp</u>	<u>Mgt Pos</u>	<u>Dept Pos</u>	<u>Dept Amount</u>	<u>Dept Date</u>
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Office of the Inspector General (OIG)  
Audit Project Office Summary (APS)

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## AUDIT DATABASE INFORMATION SHEET

1. Project No.: A05AL005
2. Title of Audit: Management of the Off-site Sealed Sources Recovery Project
3. Report No./Date: OAS-L-05-11 /August 11, 2005
4. Management Challenge Area: Non-proliferation, National Security
5. Presidential Mgmt Initiative: Budget and Performance Integration
6. Secretary Priority/Initiative: National Nuclear Security Administration
7. Program Code: NA-20
8. Location/Sites: NNSA in Germantown, MD and Washington, DC; Los Alamos National Laboratory, in Los Alamos, NM; Sandia National Laboratory, in Albuquerque, NM; Nevada Test Site, in Nevada
9. Finding Summary:
10. Keywords:
  - Sealed Source
  - Sealed Sources
  - Nonproliferation
  - OSRP
  - OSR
  - Off-site recovery
  - Sealed source recovery
  - Nuclear nonproliferation